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Statement by Deputy Secretary of Agriculture Richard E. Lyng before the Senate Committee on Appropriations, Subcommittee on Foreign Operations, Feb. 9, 1982

Mr. Chairman, I appreciate the opportunity to appear before you to discuss the need to restore the Commodity Credit Corporation's (CCC) realized losses and the relationship of this action to the Polish debt situation.

Let me say at the outset that there is no connection between these two events.

The need for restoring the realized losses of the CCC is directly associated with the operation of commodity programs during crop years 1980 and 1981. These losses total approximately $5 billion. They result primarily from costs associated with CCC price support purchases (such as the dairy program), disaster and deficiency payments to producers, emergency feed payment programs, and the expenses incurred in operating the farmer-owned grain reserve program. Under law, the Commodity Credit Corporation finances these operations initially by borrowing funds from the Treasury. These Treasury loans are repaid with interest when the necessary funds are appropriated by the Congress. Restoring these losses would enable CCC to repay this debt to the Treasury, and thus help to restore CCC's line of credit with the Treasury within the $20 billion overall limit prescribed by law.

Recent publicity has associated the question of CCC losses with issues related to Polish export credit. It should be clearly understood that no realized losses have been incurred by the Commodity Credit Corporation with respect to the making or guaranteeing of export credit to Poland. Therefore, none of the $5 billion we are requesting is needed for such a purpose. All of the Polish debt for credit extended by the Commodity Credit Corporation or acquired by the Corporation under its guarantee programs is being maintained as accounts receivable. There are no current losses resulting from this debt.

The need to reimburse CCC for its losses is urgent. The record level of production for the 1981 crops and unprecedented demand for

commodity loans together with income support (deficiency) payments, has contributed to the near depletion of the $20 billion in borrowing authority.

The reimbursement for losses that we are requesting will allow the Corporation to continue to operate the price and income support programs farmers depend upon. If the CCC losses are not reimbursed immediately it will be necessary to suspend all loan and payment operations until cash receipts are of sufficient volume to make the resumption of operations feasible. The Commodity Credit Corporation deals with millions of farmers and utilizes the services of thousands of banks, processors, carriers, exporters, handlers, warehousemen and others. Without funds to carry out CCC operations, the day-to-day business dealings of many segments of the economy would be adversely affected.

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Statement by Secretary of Agriculture John R. Block before the House Committee on Agriculture, Feb. 18, 1982

Mr. Chairman and members of the committee, it is a privilege to appear before you today to present our fiscal year 1983 budget and legislative proposals.

During the past year much has been accomplished. We have worked together, long and hard, on two major pieces of legislation, each of which affects every sector of this nation and virtually every aspect of life in rural America. The reconciliation legislation passed last summer lays the foundation for a path toward economic recovery through a phased reduction of federal involvement in activities which encroach on every person's daily life. The farm bill, passed in recent months, provides another step toward reducing Federal involvement in the life of rural America and paves the way for a free market-oriented U. S. farm economy.

Working together with the Congress, we have stemmed the tide of spiraling Federal spending. This must be a sustained effort. We cannot ease up or all of our efforts over the past year will be wasted.

Our budget and legislative program proposals are designed to continue our progress toward economic recovery to a period on non-inflationary, sustained prosperity for this nation.

Before discussing our budget proposals, I would like to briefly describe the current status of agriculture in America.

CURRENT AGRRICULTURAL SITUATION

The domestic agricultural situation can best be characterized by large crop and livestock supplies and sluggish demand. Record acreage planted for 1981 crops, and excellent growing conditions, have resulted in crop production being up more than 15 percent above the 1980 levels. Total production of wheat, feed grains, and soybeans was up almost 2 billion bushels over last year. Upland cotton production was the highest in 28 years, up 4.5 million bales from last year. The supplies of livestock products, including meat and dairy products, are also at record levels, but the growth has been less than in the crop sector.

Domestic demand for the abundant supplies of farm products has been sluggish because of slow growth in income, high unemployment and high interest rates. The president's economic program is expected to bring about a change in this situation during the latter part of the year, but for the time being the bearish economic situation has been hitting the livestock sector hard and this translates into weak demand for feed grains. Food and industrial demand for crops has also been lower than expected.

High interest rates have also tended to weaken commodity demand and prices by increasing the cost of holding stocks for processors and other users and increasing farmer's cost of production. Farmers have been under increased pressure either to hold larger stocks, put their grain under loan with the Commodity Credit Corporation, or sell at current low prices.

Not only is domestic demand weak, but growth in foreign demand for our agricultural products will be smaller than in previous years, particularly for feed grains, oilseeds and cotton. The lower export demand is the result of poor economic performance in the rest of the world and the generally high level of agricultural production. Foreign grain production, excluding the Soviet Union, reached a record level this year—up more than 4 percent from last year.

There are several other important factors affecting our agricultural exports. The stronger dollar means that importing countries must pay about 30 percent more for U.S. agricultural products this year than was paid last year. The high cost of holding inventories and the political instability in Eastern Europe is also affecting export sales. The increased use of subsidies is giving some countries an unfair advantage in capturing new sales, and trade barriers make it exceedingly difficult to gain access to certain markets.

The combined effect of slow domestic and foreign demand in the face of record supplies is causing a build-up of stocks and lower prices and income for U.S. farmers. Even though stocks are large, they are not excessive in relation to consumption requirements. Nevertheless, the current bearish market psychology has unduly dampened prices. Corn and soybean prices have fallen 20 percent and wheat prices are down 10 percent from a year ago.

Despite depressed prices, the cash income of farmers is likely to be a record of $150 billion in 1982. However, farmers will be faced with record-breaking farm production expenses, largely due to rising costs of fuel and fertilizer and the cost of borrowed capital. As a result production expenses have been rising faster than income, placing farmers in a cost-price squeeze.

It will take a period of time to work out from the current situation. On the demand side, general economic performance both here and abroad must improve. On the supply side, we have tried to design a 1982 crop program that will lead to higher prices and income for farmers. The acreage reduction programs for wheat, feed grains, rice and cotton, together with the operation of the farmer-owned reserve program, should help to improve the situation if farmers participate in the announced programs. I can assure you that farmers who don't participate will not be eligible for any 1982 crop program benefits.

I am optimistic that we can do the job of bringing improvement to the agricultural economy. The new Agriculture and Food Act of 1981 provides the necessary authorities we need to move to a prosperous market-oriented agriculture. I am using these authorities to a great extent for the 1982 crop programs. In addition, the president's economic program will soon take hold and stimulate economic growth and, in turn, spur the demand for agricultural products. The slowing of

inflation should also reduce the increase in farm production expenses and lead to an improvement in farm financial conditions. The medium term outlook suggests strong recovery during the second half of 1982 and early 1983. On the foreign trade side, we are working aggressively to stimulate the long term growth in exports and deal with the numerous trade problems we face. In my recent trips to China, East Asia, Africa and Mexico the possibilities for expanded agricultural trade were explored. I am optimistic about our opportunity for greater agricultural trade with these areas in the future. I place very high priority on agricultural export trade development and am reviewing a number of options to stimulate our export growth and to encourage increased private sector initiatives in agricultural trade development. The department is also moving via its research and extension programs to address the longer term problem of productivity growth and resource use so that U.S. agriculture is a reliable long term supplier of agricultural products throughout our nation and to all the world.

FARM CREDIT SITUATION

Another vitally important factor in assessing the status of the farm sector is the credit situation. Despite depressed farm income, the financial position of the farm sector is basically sound. The value of farm assets, including households, is about $1.2 trillion compared to about $200 billion in farm debt. In other words, the debt-asset ratio for the farm sector as a whole is about 17 percent, which compares favorably to other sectors of the economy. Further, the long-range outlook for agriculture looks encouraging. Increases in the value of farm assets should continue to exceed increases in farm debt, and farm income will improve.

Nonetheless, we can't overlook the fact that many farmers are experiencing credit and cash flow problems. We have already seen a modest increase in such occurences, as well as a rise in delinquencies and other indications of debt servicing problems.

Farmers must be assured that adequate credit resources are available to them as they enter the spring planting season. First and foremost in meeting this challenge, we must not create panic among farmers and lenders by over exaggerating the near-term problems that do exist. Most lenders are finding ways to keep their existing borrowers in

business another year. Some of the financing techniques that are being used include the rescheduling of debt payments, borrowing additional amounts on existing assets, and postponing large capital expenditures. In addition, by expanding the availability of crop insurance, farmers can further reduce the risk of loss by natural disasters.

On Jan. 21, 1982, I met with a group of private agricultural lenders and asked them to help coordinate credit assistance to farmers. The group included representatives of the Farm Credit System, the American Bankers Association and the Independent Bankers Association of America. We received their support in helping us to monitor the credit situation and to offer ways to improve commercial lenders' participation in financing Farmers Home Administration (FmHA) borrowers.

I also have established new guidelines to be used in assessing loans currently held by FmHA. These guidelines will be used by FmHA field personnel for loan making and servicing decisions to assist borrowers who have:

—acted in good faith in trying to meet commitments with FmHA;

—made an honest effort to pay, but cannot due to circumstances beyond individual control;

—applied recommended and recognized successful production and financial management practices;

—a reasonable chance to accomplish the loan objectives; and

—maintained and can account for property used to secure loans.

We are keeping a close watch on the demand for farm loans as we approach the peak application period. The fiscal year 1982 budget provides almost $4 billion for farm loans. We plan to continue this level for the FmHA's portion of farm lending in fiscal year 1983 with increased emphasis on farm operating loans.

FISCAL YEAR 1983 BUDGET PROPOSALS

Our budget proposal for fiscal year 1983 totals $23.5 billion in outlays. The total level of programs and services provided by the department in fiscal year 1983 is estimated to be $45.4 billion. As you can see the programs of the department will continue to make a major contribution to the viability of the agriculture community and the well being of all Americans.

Program levels in almost every program area will be reduced from the levels this year. However, in most cases, we can minimize the reduction in accomplishments by better targeting and management of our program efforts. Even with overall reductions we have provided increases in a few highest priority areas which we feel make the greatest contribution to sustained agricultural productivity and preservation of our invaluable soil resources.

Each committee member was provided a copy of our budget summary which describes the budget proposals for fiscal year 1983. I would like to discuss just a few of these items at this time.

We continue to hold agricultural research as our highest priority. Our nation's rate of growth in plant and animal productivity has leveled off in recent years. We must invest in fundamental productivity research now in order to assure agricultural production growth in future years. Therefore, this budget reflects a $54 million increase for agricultural research activities.

An increase is also provided for export market development activities. In addition, we are continuing to shift our program efforts toward nations which we feel have the greatest growth potential for use of our agricultural commodities in the future.

The crop insurance program will be expanded to all 3,000 agricultural counties throughout our nation. Beginning this year, crop insurance will be offered for all basic commodities currently eligible for disaster payments. By next year, we estimate participation covering 40 to 50 percent of the potential insurable acreage.

We plan to step up our efforts to provide technical assistance to conserve our soil and water resources. This can be accomplished by increased targeting of our conservation technical assistance to the areas of our nation where soil erosion and water quality problems are most severe and by encouraging greater involvement by state and local government units in targeted technical assistance efforts through a matching grant program. Such a program was recently authorized with the passage of the farm bill.

Conservation financial assistance will be significantly reduced in fiscal year 1983. We feel that the Federal role in conservation should be concentrated on providing technical assistance to plan measures which can solve critical soil and water resource problems. Conservation

measures should be designed to be carried out by the individual land owners and be financed to the greatest extent possible by local government, commercial or private financial resources.

We have provided an overall increase for forestry activities. We will increase timber sales offerings to 12.3 billion board feet. When we achieve economic recovery and the reduction of interest rates, the pent-up demand for housing will place huge demands on timber supply. By continuing to offer significant levels of timber for sale now, we can soften the price spiral for timber and timber products which would otherwise occur when the housing industry is reestablished. We have also provided increases for mineral lease evaluation, reforestation and recreation and decreases for forestry research and state and private forestry grants.

Reductions in the credit area are essential to the president's program for economic recovery. Unless we can reduce federal spending and treasury borrowing to support federal credit activities, we have little hope for economic recovery, increased private investment and renewed productivity in the future.

While our credit programs in Farmers Home Administration and Rural Electrification Administration will be reduced about $4 billion, the total of all of the department's lending programs will continue to exceed $20 billion for fiscal year 1983. In addition, we will continue to service, and where necessary, reschedule repayments for over $112 billion of loans and loan guarantees we estimate will be outstanding at the beginning of fiscal year 1983.

As you can see, from the amount of outstanding loans and new loans for fiscal year 1983, the U.S. Department of Agriculture will continue to be a significant supplier of credit to rural America. Farm loans will continue at almost $4 billion each year in fiscal years 1982 and 1983 with increased emphasis on farm operating loans. Rural housing loans will decrease to $1.1 billion in fiscal year 1983 with assistance focused on low income families. Rural community development loans will decrease, primarily due to the elimination of business and industry and alcohol production facility loan guarantees in fiscal year 1983. Loans and loan guarantees for rural electric and telephone utility facilities will be reduced almost $900 million to a level of $4.6 billion in fiscal year 1983.

The nutrition programs will be reduced about $l billion in fiscal year 1983 and another $1 billion of these programs are proposed for transfer to the Department of Health and Human Services.

The child nutrition programs will operate at the $2.8 billion level annually in fiscal years 1982 and 1983. Increased food costs will basically be offset by savings achieved from eliminating the summer feeding, school breakfast and child care programs and establishing a general nutrition assistance grant to the states to be used for feeding children.

The special milk program will be discontinued. However, over $600 million worth of milk will continue to be served in the school lunch program.

The food stamp program will have a net reduction of $1.7 billion due to the full conversion to the separate nutrition grant program for Puerto Rico, the establishment of a general nutrition assistance grant for the trust territories, legislative proposals to redefine the factors used to measure income to determine program eligibility, and further administrative management improvements.

The elderly feeding program and the special supplemental food programs are proposed for transfer to the Department of Health and Human Services so they can be combined or operated with other programs with similar purposes serving the same target populations.

LEGISLATIVE PROPOSALS

At this time I would like to discuss legislative proposals which the president will soon be submitting to refine our program operations in support of the fiscal year 1983 budget proposals. I have a summary list of these proposals to submit for the record. However, I would like to take a few minutes to review them briefly with the committee. The legislative proposals support our objectives of fiscal restraint, of necessary assistance for rural America, especially the most needy, and of increasing the amount of discretion in decisionmaking necessary to meet individual local needs.

For instance, due to the advances in technology and information-gathering techniques in America's processing plants, the Food Safety and Inspection Service can change some of the inspection techniques that were used in the past in the meat and poultry processing plants and

the Agricultural Marketing Service can revise procedures for inspection of shell handlers. As a result, we are proposing legislation which will give us more discretion to concentrate our inspection efforts in plants where it is really needed and reduce the federal presence where it does little good.

Upon passage of the legislation we can eliminate the continuous inspection requirement and reduce the frequency of surveillance visits for meat and poultry processing and shell handlers. This legislation will not effect the requirement for continuous inspection in slaughter operations. These changes will reduce government outlays by over $60 million in the next five years, while we continue to maintain the integrity of our food supply. In addition, plant costs are expected to go down, thus saving us money, both as consumers and taxpayers.

In the credit sector, it is our intent to limit the growth of federal outlays as well as to reduce dependence on the federal government as a supplier of credit. However, farm credit, rural development and rural housing programs are serving farmers and other rural people who are unable to obtain credit elsewhere. Therefore, we are asking that loan program authorizations provided by Title V of the Housing Act of 1949 and the Consolidated Farm and Rural Development Act be extended so that we can continue to provide a share of the financial assistance to sustain farmers and other residents in rural America.

The Forest Service, in keeping with the current period of fiscal restraint and our efforts to have users pay a larger share of the government's costs in supporting their activities, is working with the Department of the Interior to develop a new fee schedule for recreational use of public lands and facilities. To assure equity for non-users, fees need to be brought into line with the market value as well as the extra cost of managing these public resources.

Our legislative proposal is expected to generate about $36 million in new revenues, shifting this cost burden from the general taxpayer to the specific users.

In addition, we are asking that the requirement be removed that 10 percent of all National Forest receipts be made available for roads and trails so that this program can be planned and managed more effectively.

We are proposing a number of changes for the food and nutrition programs with the goal of assuring support for the most needy, limiting federal outlays and increasing the discretion states have to meet their own specific needs. State program administration will be simplified.

In the food stamp program, we expect $1.7 billion in benefit costs to be saved by eliminating the 18 percent earnings deduction and by increasing the benefit reduction from 30 to 35 percent.

Over $200 million will be saved by including energy assistance payments as income for food stamp program purposes. Another $100 million will be saved, the program simplified and errors reduced by rounding income, benefit and thrifty food plan levels to the next lowest dollar instead of the nearest dollar. These savings are in addition to the expected $700 million we can save through administrative changes that this administration is taking to improve the efficiency and effectiveness of this program.

Other food and nutrition legislative proposals primarily involve the establishment of child nutrition assistance grants for the Trust Territories and special supplemental food and elderly feeding program transfers to the Department of Health and Human Services.

Finally, we will also ask for several other adjustments to the department's statutory authority which will shift cost burdens from the general taxpayer to actual program beneficiaries, as well as make the government more accountable to those who request and use the services. These proposals include broadening legislation for the Animal and Plant Health Inspection Service to accept full cost reimbursement for expenditures relating to quarantining animals as they enter the U.S. and for issuance of sanitary certificates for plant exports.

Also, we are requesting authority to charge user fees for the cost of reproduction and distribution of AMS "Marketing News Reports" for cotton and tobacco. We currently have authority to charge user fees for market news reports for other commodities.

Again, I would like to express thanks to this committee for its support during the past year in dealing with so many major issues vital for the sustained productivity and financial stability of rural America which, in turn, serve to improve the general well-being of all Americans. I look forward to our continued efforts together to

accomplish the changes necessary to achieve new prosperity for this nation.

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UNITED STATES AND EGYPT SIGN P.L. 480 WHEAT AND FLOUR AMENDMENT

WASHINGTON, Feb. 5—Representatives of the United States and Egypt signed papers today amending the Public Law 480 agreement of Dec. 21, 1981.

Secretary of Agriculture John R. Block said the amendment specifies the addition of $75 million for commodity financing, raising the total to $275 million for fiscal year 1982.

Of the $75 million, $50 million will be available for immediate financing of exports of U.S. wheat and wheat flour, with the remaining $25 million to be available following additional specific program decisions.

The papers covering the $75 million was signed in conjunction with Egyptian President Mubarak's first official visit to the United States.

Block said he received a letter of intent from visiting Egyptian officials indicating that Egypt plans to buy a "fair share" of its commercial food purchases from the United States, which should assist U.S. agricultural exports. Most of Egypt's growing food purchases are financed on a commerical rather than a concessional basis.

Egypt's increasing foreign exchange earnings and its growing food import needs have made the country an expanding commercial market. Over the last 5 years, the United States has supplied Egypt with large quantities of wheat, wheat flour, corn, tallow, vegetable oil and other agricultural products.

In fiscal year 1981, the United States exported $95O.3 million of farm products to Egypt, 50 percent of the total in commercial sales.

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USDA IDENTIFIES 'PRIORITY' CONSERVATION RESEARCH NEEDS

WASHINGTON, Feb. 5—Top priority needs for research and education to support local soil and water conservation work have been identified by the U.S. Department of Agriculture's Soil Conservation Service.

SCS Chief Norman A. Berg today listed the "most wanted" research in a report to three other USDA agencies—the Agricultural Research Service, the Cooperative State Research Service, and the Extension Service.

He listed these actions as of the "highest" priority:

1. Accelerate extension educational efforts in conservation tillage.
2. Continue and expand research to determine the potentials and limitations of various soils, plants and machines for conservation tillage.
3. Accelerate research to predict more accurately the effects of erosion on soil productivity.
4. Find more cost-effective ways to prevent and treat gullies.
5. Continue development of methods for estimating effects of soil and water conservation practices on flood runoff.
6. Accelerate research to develop crop varieties that tolerate flooding.
7. Continue research to determine the best use and timing of irrigation for various crops, soils and climates.
8. Get information on water management research to the field more quickly.
9. Determine the effects of high-intensity grazing systems on plant communities, wildlife populations and livestock production.

Progress has been made recently on the soil conservation agency's research and education needs, Berg said, but more scientific information is needed to help reach conservation goals.

"This information," he said, "will give research and extension administrators, scientists and specialists a better basis for support and guidance."

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USDA TO DISTRIBUTE ANOTHER 70 MILLION POUNDS OF CHEESE

WASHINGTON, Feb. 5—An additional 70 million pounds of surplus cheese from stocks of the U.S. Department of Agriculture's Commodity Credit Corporation have been made available for release without cost to states for distribution to needy persons. The initial 30 million pounds were made available on Dec. 22 and about 25 million pounds have already been requested.

States will have until July 1, to request cheese from today's authorization. The amount each state will receive will be determined after consideration is given to each states' specific request. Agreements may be extended for those states having already signed for a portion of the original 30 million pounds. As with the initial distribution, cheese must be distributed locally by charitable, non-profit organizations, including food banks. The cheese will be distributed in five-pound blocks.

USDA's Food and Nutrition Service regional offices have signed agreements for the original 30 million pounds with 42 states, 16 of which have begun distribution. Agreements with the remaining states are in progress. No state has declined to participate.

About 547.4 million pounds of cheese, purchased under the dairy price support program, are currently in the CCC inventory.

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BLOCK CALLS FOR SPECIFICS ON FUTURE WORK OF EXTENSION SERVICE

WASHINGTON, Feb. 8—Secretary of Agriculture John R. Block has told a newly formed national committee to give him specific counsel on the work the Cooperative Extension Service should do in the years ahead.

"Extension's informal education work is an extremely high priority effort and we expect to have continued leadership from it," Block said today. "The job of the Joint Committee on the Future of Cooperative Extension is to come up with recommendations that will best serve this country."

Because of the increasing competition for the tax dollar, Block said, "We must re-examine the mission and scope of this system."

The committee is a joint effort of the U.S. Department of Agriculture and the National Association of State Universities and Land Grant Colleges.

USDA members represent the secretary of agriculture, director of science and education, and the Extension Service. Other members represent university presidents, deans and colleges of agriculture and home economics, state and local governments and directors and administrators of state extension programs, county agents, users of the service and foundations supporting agricultural work.

Block called for specific recommendations on the future mission of the nationwide informal education network;.its responsibilities; how Extension can enhance cooperation with other agencies; the future methods of education that should be used; and how the system can be accountable through evaluation methods.

Committee members have agreed to conduct a study on Extension's program philosophy; the missions and goals of the system in the future; the roles, responsibilities and resource input of the partners within the educational system; the methods of providing future educational programs; and the needs of evaluation and accountability in the years ahead.

For the next 10 months, the committee will examine these issues and study the results of a nationwide survey of both extension staff members and the people they serve.

In November, a final report with recommendations will be submitted to Block and Robert Clodius, president of the National Association of State Universities and Land Grant Colleges.

For 68 years, Extension has offered educational self-help to millions of people in both urban and rural areas. The programs are in agriculture, natural resources, home economics and nutrition, 4-H and youth development, and community and rural development.

Today, the system serves increasingly diverse groups of people numbering in the tens of millions.

Extension has been credited with helping American farmers boost production by quickly moving new knowledge from the laboratories and libraries to the farms. About 2 million volunteers work free of charge to

supplement the efforts of the USDA, state and territory governments and land grant universities, and county governments.

Many other nations have adopted and adapted the U.S. informal education system to meet their own needs.

In selecting the national study committee, Block said, care was taken to get spokespersons for many points of view. Participating in the committee's first meeting were:

David C. Farley, president and general manager of a family landscape plant nursery in Albion, Mich.; Patricia Iman, a partner in a ranching operation at Victor, Mont., where members of four generations of the family live on the ranch; and Albert J. Rombough, manager of his own landscape contracting business at Cedar Grove, N.J.

—Charles Tollander, retired realtor and past president of the county board of supervisors at Webster, Wisc.; and Leslie N. Firth, county extension director at Mercer, Pa., and past president of the National Association of County Agricultural Agents.

—Minnesota Governor Al Quie, former dairy farmer and U.S. congressman for 20 years.

—Daniel G. Aldrich, Jr., chancellor of the University of California-Irvine, committee cochairman; Gordon E. Guyer, director of the Michigan Cooperative Extension Service, East Lansing; Charles E. Hess, dean of the College of Agriculture and Environmental Sciences, University of California-Davis; Lee R. Kolmer, dean of the College of Agriculture at Iowa State University, Ames; James E. Martin, president of the University of Arkansas, Fayetteville; Lucinda A. Noble, director of the New York Cooperative Extension Service, Ithaca; Daniel Pfannstiel, director of the Texas Agricultural Extension Service, College Station; and J. Orville Young, director of the Washington Cooperative Extension Service, Pullman. —Robert C. Kramer, director of agriculture for the W. K. Kellogg Foundation, Battle Creek, Mich.

—Raymond D. Lett, committee cochairman and executive assistant to Secretary Block; Anson R. Bertrand, USDA's director of science and education; and Mary Nell Greenwood, administrator of USDA's Extension Service—all headquartered in Washington, D.C.

Gale VandeBerg, Wisconsin extension director, heads the design staff which will assist the joint committee. Laverne Forest, a program

evaluation specialist at the University of Wisconsin-Madison, is study project coordinator. Next meeting of the joint committee is scheduled for April 22-23 in Washington, D.C.

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NATIONAL GRASSLAND GRAZING FEES LOWERED

WASHINGTON, Feb. 8—Fees for grazing livestock on national grasslands in the nine Great Plains states have been lowered for 1982, R. Max Peterson, chief of the U.S. Department of Agriculture's Forest Service, said today.

The states are Colorado, Kansas, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming.

"The 1982 fee for the 17 national grasslands in these states will be $3.34 per animal month, an average of 22 cents less per animal month than last year," Peterson said.

An animal month is the equivalent of grazing of one cow, one horse or five sheep for one month.

National grassland grazing fees are determined by an adaptation of the formula established by Congress to set fees for grazing on the national forests. In determining grassland fees, the formula uses a base fee which is modified by comparing the total costs of grazing livestock on public and private lands, annual private land lease rates, beef cattle prices, and the costs of producing livestock in the nine Great Plains states.

"The 1982 grazing fees have been reduced because the prices farmers and ranchers received for beef in 1981 declined while the costs of livestock production increased," Peterson said. "These factors play a prominent role in determining national grassland grazing fees."

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BLOCK PRAISES MEXICO'S PROGRESS IN SCREWWORM ERADICATION

TIJUANA, Mexico, Feb. 11—Secretary of Agriculture John R. Block joined in ceremonies here today declaring the Mexican states of Baja California, Baja California Sur and Sonora free of the parasitic screwworm fly.

"The screwworm is a serious threat to the livestock industries of both the United States and Mexico, capable of causing millions of dollars in losses annually, so there is special cause to honor the first Mexican region to attain screwworm-free status," Block said.

The ceremony was led by Francisco Merino Rabago, Mexican secretary of agriculture. Governors of the three Mexican states and livestock industry leaders from both countries attended.

Block praised U.S. and Mexican livestock producers for banding together to eliminate a problem that could be dealt with only on an international level. Together they persuaded their respective governments to launch a binational campaign against the screwworm through formation of the Mexico-U.S. Screwworm Commission in 1972.

Screwworms are a type of blowfly, about twice the size of a common housefly. They lay eggs in wounds and in open sores of livestock. When the eggs hatch, the larvae feed on living flesh, increasing the size of the original wound, causing debilitating pain and often death of the host animal.

Screwworm eradication involves artificially rearing millions of screwworms, sterilizing them with radioactive materials, and then releasing them in the adult, or fly stage, over infested areas. Sterile flies mate with native fertile flies, which produce infertile eggs. This drastically reduces the succeeding generations until the flies are literally bred out of existence.

Five states in the southwestern U.S. reduced screwworm infestations in the early 1960's by about 99 percent, but they were constantly reinfested by flies crossing the border from Mexico. These circumstances dictated that livestock producers on both sides of the border cooperate to get rid of the pest, Block said.

About the same time, Mexican livestock producers had become convinced that modern technology could help rid them of screwworms.

After formation of the Mexico-U.S. Screwworm Eradication Commission, the battle against the insect began in earnest in 1976, using sterile screwworms reared in a new production plant constructed in southern Mexico. This plant now produces about 500 million sterile flies per week for release over Mexico.

"The program bridging the international boundary has worked because of the cooperative attitude of livestock producers," Block said. "In the process, strong personal friendships have developed between producers of both countries who otherwise would not be likely to have met and worked with each other. The same can be said of U.S. and Mexican scientists, veterinarians, entomologists and other specialists who are collaborating on the program."

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USDA ANNOUNCES 1982-CROP PEANUT SUPPORT LEVELS AND EXPORT SALES POLICY

WASHINGTON, Feb. 12—Peanut farmers will receive national average support levels of $550 per short ton for 1982-crop quota peanuts and $200 per short ton for 1982-crop additional peanuts, according to Everett Rank, executive vice president of the U.S. Department of Agriculture's Commodity Credit Corporation.

Rank also said CCC's export sales policy for 1982 provides that additional peanuts placed under government loan will be sold by CCC for export edible use at no less than $475 per ton.

Current legislation requires the U.S. Department of Agriculture to make price supports available on 1982-crop quota peanuts through loans, purchases or other operations, Rank said. The national average quota support rate is required to be set at the national average cost of production—including the cost of land—but not less than 27.5 cents per pound, farmers stock basis.

Rank said USDA calculated the 1982 cost of production using three methods, and because all three resulted in a figure less than the required minimum of 27.5 cents per pound ($550 per ton), the support level for 1982-crop peanuts was set at the minimum.

Additional peanuts are: (1) those marketed from a farm for which a farm poundage quota has been established and which are in excess of the poundage quota, and (2) those marketed from a farm for which no farm poundage quota has been established.

In determining price support level for additional peanuts, USDA takes into consideration demand for peanut oil and meal, expected prices of other vegetable oils and protein meals and demand for peanuts in foreign markets.

Rank said the law also requires the support rate to be established at a level estimated to ensure no loss to CCC from the sale or disposal of additional peanuts placed under government loan.

He said the $200-per-ton support level for additional peanuts is projected to meet both the above criteria.

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REDUCED ACREAGE SIGN-UP BEGINS FEB. 16

WASHINGTON, Feb. 12—Farmers who wish to participate in the U.S. Department of Agriculture's reduced acreage programs for wheat, feed grains, rice and upland cotton may begin signing up for the programs Feb. 16.

While the programs are voluntary, only farmers who participate in the program will be eligible for program benefits such as government price support loans and target price protection and the farmer-owned grain reserve, according to Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service.

County ASCS offices will handle the sign-up, which continues through April 16, Rank said.

To be eligible to receive program benefits, feed grain producers must reduce their acreage planted to feed grains (barley, corn, oats and sorghum) by at least 10 percent from an established base. Rank said two bases will be set: one will include corn and sorghum and one will include barley and oats.

Participants in the cotton, rice and wheat acreage reduction programs must reduce their acreage planted for harvest by at least 15 percent from their established acreage bases.

Rank said the bases for these crops generally will be the higher of the 1981 crop acreage or the average of the 1980-81 crop acreages. However, he said, for farmers that have been following a definite crop rotation pattern, the base will reflect such rotation.

Farmers who sign up may change their minds up to the time they report their acreage, Rank said. State Agricultural Stabilization and Conservation committees will establish reporting dates for each crop, he said.

USDA will issue its first signup report about March 16 and will report weekly signup progress until registration is completed.

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USDA PROPOSES CHANGES IN FOREST PLANNING RULES

WASHINGTON, Feb. 16—The U.S. Department of Agriculture will propose changes in its regulations to streamline the land management planning process for the 191 million-acre National Forest System, Secretary of Agriculture John R. Block said today.

The national forest system land and resource management planning regulations were issued in September 1979. Required by the National Forest Management Act of 1976, they provide integrated planning for the use of all forest resources—timber, forage, fish and wildlife habitat, water, wilderness, outdoor recreation and minerals—through development of forest and regional plans.

Block said these regulations were selected last March by the Presidential Task Force on Regulatory Relief for reassessment and possible modification because of their length and complexity. The proposed changes, Block said, will clarify and simplify the planning process, as well as improve the process for analyzing and evaluating resource management alternatives and their economic effects. "This will allow for more efficient management of the national forests and result in increased benefits to the public," Block said. The major changes proposed for the regulations include revisions in the content and purpose of the regional plans, reorganization of material, and some technical revisions in planning procedures. The public will have 60

days to comment on the proposed regulations after they are published in the Federal Register.

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USDA, RED CROSS PLAN NUTRITION COURSE FOR PUBLIC

WASHINGTON, Feb. 17—Secretary of Agriculture John R. Block and George Elsey, president of the American Red Cross, today announced plans to develop a nutrition course for the general public.

Developed by USDA's Human Nutrition Information Service, the course would be taught nationwide through some 3,000 local Red Cross Chapters. It will be available on a limited scale this fall, with final publication for distribution to local Red Cross chapters in the fall of 1983.

The course will consist of six two-hour sessions covering such topics as current concepts in nutrition, health and fitness, food composition, energy balance and nutrition adequacy. Qualified volunteer instructors will be recruited through the Red Cross instructor training program.

"This represents a successful collaboration between the federal government and the private sector," Block said. "This program is in step with USDA's long tradition of providing sound food and nutrition information to the public. I am confident that this cooperative effort will set a new and important example for other agencies to follow."

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BLOCK NAMES 22 TO USDA'S NATIONAL RURAL DEVELOPMENT COUNCIL

WASHINGTON, Feb. 17—Secretary of Agriculture John R. Block today named 22 members to the National Advisory Council on Rural Development.

"The council will assist me in identifying rural problems and in supporting administration efforts in rural development," Block said. "It will also provide state and local rural development groups with a forum

for the discussion of important issues affecting the lives of rural people."

Block assigned Frank W. Naylor, USDA's under secretary for small community and rural development, to co-chair the group. He said a chairperson and additional members will be named later.

Appointed to the council today were:

ALABAMA: Stephen Nye Barton of Birmingham, editor of the "American Journal of Rural Health," who is founder and president of the American Rural Health Association; and Thomas T. Williams, Tuskegee, director of the Human Resource Development Center at Tuskegee Institute.

CALIFORNIA: Gordon Van Vlect of Plymouth, third generation cattle rancher and past president, National Cattlemen's Association.

GEORGIA: Paul G. Brower, Atlanta, vice president for communications of Gold Kist, Inc.

ILLINOIS: Thomas W. Ewing, Pontiac, an attorney and member of the Illinois General Assembly since 1964; John R. Kuiken, DeKalb, president and a director of the First National Bank of DeKalb; and George H. Miller, Melrose Park, executive director of the Township Officials of Illinois.

INDIANA: Edward L. Hasnerl, Indianapolis, executive vice president and general manager of the Indiana Statewide Association of Rural Electric Cooperatives; Don Paarlberg, West Lafayette, professor emeritus at Purdue University and a former USDA official.

IOWA: Scott Neasham of Newton, vocational agriculture student at Iowa State University and national president of Future Farmers of America.

KANSAS: Ray G. Nelson, Courtland, farmer, rancher and county commissioner in Republic County; John W. Lehman, Coldwater, owner of a greenhouse and nursery and active in local government associations; Janelle Broadhurst, Sedgwick, a farmer and founder of Concerned Farm Wives; Lyle Bauer, Harper, a farmer, rancher and president of the National Association of Conservation Districts.

MINNESOTA: John R. Campe, New Ulm, chief executive officer and director of the Kossner (Minnesota) Bank.

NEW HAMPSHIRE: Oliver W. Nelson, Jackson, a selectman and chairman of the board of selectmen for the town of Jackson.

PENNSYLVANIA: Penrose Hallowell, Ottsville, secretary of the Pennsylvania Department of Agriculture, a dairy farmer and former state director of USDA's Farmers Home Administration.

SOUTH DAKOTA: Clarence W. Skye, Pierre, executive director of the United Sioux Tribes of South Dakota Development Corporation; and Herman Tushaus, Yankton, director of planning and development for South Dakota's Development District III, a 12-county area.

VERMONT: Frank M. Bryan, Burlington, assistant professor in the department of political science, University of Vermont.

WASHINGTON: Clayton Charlton Denman, Ellensburg, president and co-director the Small Towns Institute and author of "Rural Development Programs for Small Towns and Countryside Communities."

WISCONSIN: Ed K. Krueger, Shawno, clerk of court in Shawno County, clerk of Richmond Township, and president of the National Association of Towns and Township.

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OZONE POLLUTION CALLED FACTOR IN HALT OF CROP YIELD HIKES

WASHINGTON, Feb. 18—Evidence is mounting that pollution of the earth's ozone layer is one reason yields of cotton have not improved since the mid-1960's, a U.S. Department of Agricuture scientist said today.

"Ozone air pollution clearly is having some impact on cotton yields in the United States," Howard E. Heggestad, a plant pathologist with USDA's Agricutural Research Service, said at the Symposium on the Effects of Air Pollution on Farm Commodities at Washington's Hyatt Regency Hotel.

Cotton is this country's fourth biggest cash crop.

Heggestad also said that damaging levels of sulfur dioxide are localized. However, he said, if levels increase significantly as a result of the current shift to coal for heat and power, the combination of ozone and sulfur dioxide could cause even more crop losses.

It already has been shown that yields of green beans, soybeans and tomatoes are affected by sulfur dioxide pollution, he said.

Cotton yields doubled between 1946 and 1966 due to improved varieties and better production methods, Heggestad said. Since 1966, yields have plateaued, possibly even decreased, despite better varieties. He said his conclusion that ozone air pollution is at least partly to blame are based on his studies and research done by other scientists.

In 1979, the farm value of cotton from 18 southern states was $4 billion. Cottonseed, which is used for oil and cattle feed, brought farmers another $705 million, according to USDA statistics.

Three states account for two-thirds of U.S. cotton production: Texas, 35 percent; California, 18 percent; and Mississippi, 13 percent.

Ozone pollution is ubiquitous in the U.S. and accounts for about 90 percent of all crop losses attributed to air pollution, said Heggestad, who is a member of the National Crop Loss Assessment Network sponsored by the Environmental Protection Agency.

Sulfur dioxide is the second most common pollutant, but damaging levels generally are confined to areas downwind from electric power plants and metal smelters. Both pollutants cause damage to plant leaves which, in turn, causes loss in yield. Cotton leaves are most sensitive just before they fully expand.

Other localized chemicals such as fluorides, ethylene, nitrogen oxides and drifting pesticides can add insult to injury, he said.

"It is the prolonged exposure to low levels of pollutants and mixtures of pollutants that concerns us most," said Heggstad. "Current technology seems adequate to protect leaves from acute damage."

Most of the pollution studies have been done in California where ozone levels are highest among cotton producing states. Cotton plants are grown in "normal" (ambient) air and in carbon-filtered air and their yields compared. The most popular California variety, Acala SJ-2, showed about a 15 percent loss due to photochemical smog. Another California variety, Acala SJ-5, showed no yield loss but still produced less than SJ-2 at 15 percent loss. However, it is possible to breed ozone tolerance and high yield into the same variety, he said, pointing to field corn and tobacco as examples. In his studies at USDA's Agricultural Research Center at Beltsville, Md., Heggstad compared eight of the most commonly grown cotton varieties and found the California

varieties most resistant to ozone damage. He said this probably was because the varieties were developed at Shafter, Calif., a high-ozone area.

Levels of ozone existing in the Beltsville area produced significant losses and changed lint and seed quality in four of the eight varieties.

The four varieties that fared best were Stoneville 213, bred for the Mississippi Delta; Acala SJ-1, San Joaquin Valley; PD 3246, South Carolina; and Acala 1517D, Mexico and Elpaso, Texas.

Heggstad recommended that field tests be run in the Mississippi Delta and in certain portions of Texas to see whether existing levels of ozone reduce yields of these and other varieties. About 123 major varieties of cotton are grown in the U.S.

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USDA TO BEGIN USING NEW TESTS TO DETECT SULFA RESIDUES

WASHINGTON, Feb. 19—On March 24 the U.S. Department of Agriculture will begin using two highly dependable tests to analyze meat and poultry for sulfa drug residues.

"Residue testing is done by USDA's Food Safety and Inspection Service as part of inspection of meat and poultry for wholesomeness," said John E. Spaulding, director of the agency's residue evaluation and surveillance division. He said meat and poultry samples are routinely monitored for sulfonamides which are used in animals raised for food.

According to Spaulding, the new tests, developed by FSIS' chemistry division, are more precise than the current official test, the Tishler-A Bratton Marshall. "Both new tests can detect and reliably measure drug residues at the tolerance level of 0.1 parts per million," he said.

One of the new tests, to be used in routine monitoring, is called Sulfonamide Thin-Layer Chromatography Fluorescence. It takes one-third the time of the Tishler A, he said.

The second new test, called gas chromatography/mass spectometry, generally will be used as a confirmatory test by USDA, Spaulding said.

If the first method indicates sulfonamide levels from 0.11 to 0.15 parts per million, then the second test will be used to confirm the identity before the value is reported as official, Spaulding said. At levels above 0.15 parts per million, the results of the first test will be reported as official.

Because of the costly nature of the second procedure, confirming the results above 0.15 parts per million will be performed at USDA's discretion.

USDA personnel are being trained at the Food Safety and Inspection Service's field service laboratories on the new procedure. It will be introduced separately for different species and the various sulfonamides, he said.

Other laboratories accredited by USDA for sulfonamide analysis can, upon request, become qualified to use the new procedures. Descriptions of the new test are available from R. L. Ellis, director, Chemistry Division, Science Program, FSIS, USDA, Washington, D.C. 20250. Phone: (202) 447-7623.

Notice of the procedure change will be published in the Feb. 22 Federal Register, which is available in many public libraries.

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USDA APPROVES FUMARIC ACID USE IN PROCESSED MEATS

WASHINGTON, Feb. 19—Beginning March 24, the U.S. Department of Agriculture will allow food producers to use fumaric acid to speed both the curing time and color development of processed meat and poultry products.

Fumaric acid is not new to the food industry, according to Donald L. Houston, administrator of USDA's Food Safety and Inspection Service. It already is approved by the Food and Drug Administration to prevent refrigerated dough from spoiling, to keep vegetables fresh and to control the acid content of wine. It occurs naturally in many plants and is produced commercially from glucose.

Houston said fumaric acid allows meat and poultry processors to use higher cooking temperatures, which results in shorter cooking times.

Consumers will benefit from this change since fumaric acid is less costly than other substances that hasten curing, such as citric acid, according to Houston. It may be added to a variety of cured products, including frankfurters, wieners, bologna and knockwurst, as well as meat and poultry loaves, he said.

The expanded use for fumaric acid was proposed by USDA Jan. 6, 1981. USDA received three comments expressing general opposition to the use of food additives, but no specific criticism of the use of fumaric acid.

Final approval for the use of fumaric acid in processed meat and poultry products becomes effective March 24 and will be published in the Feb. 22 Federal Register, which is available in most public libraries.

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